

AMENDED IN SENATE APRIL 30, 2003

**SENATE BILL**

**No. 996**

**Introduced by Senator Alarcon**

February 21, 2003

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An act to add Section ~~1185.6~~ 157 to the Labor Code, relating to employment.

LEGISLATIVE COUNSEL'S DIGEST

SB 996, as amended, Alarcon. Living wage.

Under existing law, the Industrial Welfare Commission establishes minimum wage requirements *and its Division of Labor Statistics and Research compiles research relating to the condition of labor in the state.*

This bill would require the ~~commission also to establish minimum living wage requirements, indexed to inflation, that would apply to employers that enter into service contracts with the state, if such firms have at least 50 employees and the service contracts are in the amount of \$50,000 or more, and to employers that receive \$100,000 or more in economic development money from the state, in the form of tax benefits, credits, or exemptions, loans, or grants~~ *division to annually update its 2002 study titled "Living Wages: The Issues and the Impact," with certain requirements.*

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 ~~SECTION 1. Section 1185.6 is added to the Labor Code, to~~
- 2 *SECTION 1. The Legislature finds and declares as follows:*

1     (a) *The minimum wage has failed to keep pace with inflation,*  
2 *providing for less economic power than it did in the 1960's.*

3     (b) *Certain economic realities exist, such as the growing*  
4 *income gap between the rich and the poor, substantial cuts in*  
5 *welfare and other aid programs, and the growth of service sector*  
6 *jobs where low wages are concentrated.*

7     (c) *The underpayment of workers has a negative impact on*  
8 *work product, which promotes high turnover, absenteeism, and*  
9 *lackluster performance.*

10    (d) *Workers who earn low wages tend to rely heavily on state*  
11 *assistance, to the detriment of state coffers, and to the benefit of*  
12 *employers who are not obligated to pay workers enough to support*  
13 *their families.*

14    (e) *Studies on existing living wage ordinances have found early*  
15 *evidence that relatively little of the extra cost in labor has been*  
16 *passed on to consumers or the cities with whom they contract.*

17    (f) *Local governments throughout the state have adopted living*  
18 *wage ordinances including the counties of Santa Clara and Los*  
19 *Angeles, and the cities of San Jose, Oakland, Hayward, and Los*  
20 *Angeles.*

21    (g) *Many private businesses who hold service contracts with*  
22 *the state or local governments benefit from substantial financial*  
23 *assistance in the form of grants, loans, bond financing, tax*  
24 *abatements, or other economic development subsidies.*

25    (h) *The state should promote an employment environment*  
26 *where wages are adequate to avoid the need for social services to*  
27 *be provided by the state.*

28    (i) *It is in the public interest to ensure that private businesses*  
29 *that benefit from public money pay their workers a living wage.*

30    SEC. 2. *Section 157 is added to the Labor Code, to read:*

31    157. *The Division of Labor Statistics and Research shall*  
32 *annually update its 2002 study titled "Living Wages: The Issues*  
33 *and the Impact." The annual update shall accomplish all of the*  
34 *following:*

35    (a) *Seek to define the term "living wage" on a statewide and*  
36 *local basis.*

37    (b) *Examine the experience of states and localities that have*  
38 *adopted living wage mandates.*

1 (c) Investigate the potential economic impact of a statewide  
2 living wage mandate on employees, employers, contractors, and  
3 the government.

4 (d) Investigate the potential economic impact of a statewide  
5 living wage mandate on local government, especially analyzing  
6 the fiscal impact on government of the costs of medical care for the  
7 uninsured, and whether mandated health insurance for employees  
8 of service contractor businesses reduces costs.

9 read:

10 ~~1185.6. (a) Commencing January 1, 2005, the commission~~  
11 ~~shall establish geographically specific minimum living wage~~  
12 ~~requirements.~~

13 ~~(b) The minimum living wage shall be no less than ten dollars~~  
14 ~~(\$10) per hour for employers that provide health insurance to their~~  
15 ~~employees, and twelve dollars (\$12) per hour for employers that~~  
16 ~~do not provide health insurance to their employees. The minimum~~  
17 ~~living wage shall be indexed to the rate of inflation.~~

18 ~~(c) Employers that enter into service contracts with the state~~  
19 ~~shall pay their employees no less than the minimum living wage~~  
20 ~~established by the commission, if those employers have 50 or more~~  
21 ~~employees and the service contracts are in the amount of fifty~~  
22 ~~thousand dollars (\$50,000) or more.~~

23 ~~(d) Employers that receive one hundred thousand dollars~~  
24 ~~(\$100,000) or more in economic development money from the~~  
25 ~~state, in the form of tax benefits, credits, or exemptions, loans, or~~  
26 ~~grants, shall pay their employees no less than the minimum living~~  
27 ~~wage established by the commission.~~